

Message Text

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ACTION AF-04

INFO OCT-01 ISO-00 AID-05 EB-03 OPIC-02 IGA-01 CIEP-01

STR-01 L-02 TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01

SSO-00 INRE-00 DRC-01 /032 W
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O 101521Z OCT 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 798

C O N F I D E N T I A L LUSAKA 2099

EO 11652: GDS

TAGS: EFIN, ZA

SUBJECT: TAW

REF: STATE 222925

1. DURING MEETING WITH FONMIN ON OTHER SUBJECTS WE WERE INTERRUPTED AND I LEFT ROOM WHEN CALL CAME IN FROM AMBASSADOR SITEKE MWALE IN NEW YORK. AT CONCLUSION OF OUR HOUR AND A HALF LONG CONVERSATION, MINISTER EXPLAINED MWALE'S PHONE CALL CONCERNED TAW. HE EXPRESSED ANNOYANCE THAT TOM WOOD HAD NOT COME TO LUSAKA ON OCT 10 AS ORIGINALLY AGREED AND NOW PROBABLY WOULD NOT KEEP ALTERNATE OCT 10

APPOINTMENT SET UP BY LOCAL TAW REPRESENTATIVES; MWALE HAD REPORTED WOOD STILL IN NEW YORK.

2. FONMIN MWAANGA WONDERED WHAT PRIME MINISTER WOULD SAY WHEN HE CALLED HIM REGARDING CANCELLATION OF MEETING FOR SECOND TIME. MWAANGA SAID GRZ SINCERE AND SERIOUS IN ITS INTENTION TO NEGOTIATE WITH WOOD FOR OUTRIGHT PURCHASE FROM GOVERNMENT'S OWN RESOURCES OF 62 TRUCKS AND RELATED EQUIPMENT IN ZAMBIA, QUITE INDEPENDENT OF CONTROVERSIAL ISSUE OF 1.6 MILLION DOLLAR DOWNPAYMENT. IF WOOD PREPARED TO TALK ON SUBSTANTIVE ISSUES AS WELL (PRESUMABLY MEANING THE DOWNPAYMENT), GRZ

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AGREEABLE. ALSO CONFIRMED INTEREST IN PURCHASE OF 100 GM TRUCKS WITH AID PROGRAM LOAN. KNEW NOTHING ABOUT

SIMULATOR OR COMPLICATIONS RELATING THERETO.

3. MWAANGA'S FEELINGS ABOUT TAW PROBLEM CLEARLY AND ADMITTEDLY MIXED. HE PERSONALLY HELPED INTRODUCE TOM WOOD TO PRESIDENT KAUNDA AND OTHER ZAMBIANS AND CONSIDERS HIMSELF ONE OF "SO CALLED LIBERALS" GENERALLY SYMPATHETIC TO TAW CASE. SHORTLY AFTER HIS RETURN FROM UNGA, MWAANGA WAS ASKED BY PRIME MINISTER TO SERVE ON GRZ TEAM TO NEGOTIATE WITH TAW, TOGETHER WITH MINISTER OF LEGAL AFFAIRS AND ATTORNEY GENERAL SILUNGWE. MWAANGA RELUCTANT ACCEPTED AS DUTY. NOW FEELS WOOD TRYING TO "DICTATE" TERMS TO SOVEREIGN COUNTRY, LACKING IN RESPECT FOR GOVERNMENT AND PRIME MINISTER BY STANDING THEM UP, BUT WORSE, "POISONING THE AIR," TURNING OFF THOSE SUCH AS MWAANGA WHO WANTED TO BE HELPFUL AND STRENGTHENING HAND OF THOSE IN GRZ WHO WANT TO FORGET ABOUT WOOD AND GO TO ARBITRATION. FONMIN SAID WOOD INCORRECTLY ASSUMES ZAMBIA TO BE NEGOTIATING FROM WEAKNESS WHICH IT IS NOT. GRZ HAS ITS LEGAL TEAM ORGANIZED AND IS QUITE PREPARED TO GO TO ARBITRATION IN LONDON, IF THIS PROVES NECESSARY. HAS ALREADY ENGAGED TWO RENOWNED QUEEN'S COUNSELS FOR ZAMBIA'S DEFENSE.

4. "DICTATION TO GRZ" PRESUMABLY DRAWN FROM WOOD'S DEMAND AT ONE TIME THAT GRZ COMMIT TO WRITING THAT "IT HAD MADE A MISTAKE" ON CERTAIN POINTS IN TAW CASE; ALSO FROM WOOD'S CURRENT INSISTENCE ON WRITTEN STATEMENT OF CERTAIN ASSURANCES FROM GRZ WHICH PROBABLY COMMUNICATED IN MWALE/MWAANGA TELECON. MWAANGA INDICATED GRZ WOULD NOT BE FORCED TO KNUCKLE DOWN IN SUCH UNDIGNIFIED MANNER.

5. I RECALLED USG HOPE FOR AMICABLE SETTLEMENT BETWEEN PRIVATE BUSINESS COMPANY AND GRZ. MWAANGA IMMEDIATELY SAID WOOD'S TERMS SO HARSH AS TO INHIBIT AMICABLE SOLUTION, NOTING DISTANCE BWTWEEN TWO PARTIES GREAT (WOOD ASKING K17 MILLION AND GRZ QUANTIFYING ITS COSTS IN CASE AT K100 MILLION).

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6. COMMENT: AGREE WITH DEPARTMENT'S SUGGESTION TIME INDEED RUNING OUT. EVEN POSSIBILITY OF OCT 14 MEETING WITH WOOD DOUBTFUL. WHILE PM AND PART OF HIS TEAM (EXCEPT SILUNGWE WHO IN NEW YORK) WILL BE HERE, MWAANGA FELT ALL WOULD BE DEEPLY ABSORBED IN LAST MINUTE PREPARATIONS FOR INDEPENDING CELEBRATIONS. WOOD MAY HAVE TO CHANGE HIS TONE AND APOLOGIZE FOR FAILURE TO APPEAR OCT 10 IF PM IS TO BE PLACATED. MOREOVER, US BUSINESS IMAGE NOT BEING HELPED BY WOOD'S INTRANSIGENCE. BELIEVE TIME HAS COME FOR DEPARTMENT

TO INFORM WOOD THAT IT MAY BE NOW OR NEVER IF A NEGOTIATED
SETTLEMENT IS TO BE REACHED.

7. IN VIEW OF THIS WOULD PREFER TO WITHHOLD AT THIS TIME
ANY OFFER OR REQUEST TO GRZ AND TAW THAT EMBASSY
REPRESENTATIVE BE PRESENT AT NEGOTIATION TO
TAKE NOTES FOR USG (STATE 222534). WAS THIS POSSIBILITY
DISCUSSED WITH WOOD OR WOULD WE BE BREAKING FRESH
GROUND?
WILKOWSKI

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